

**Pitney Bowes Inc.**  
**Consolidated Statements of Income**

(Unaudited; in thousands, except share and per share amounts)

	Three months ended June 30,		Six months ended June 30,	
	2016	2015	2016	2015
Revenue:				
Equipment sales	\$ 152,641	\$ 165,507	\$ 312,002	\$ 331,471
Supplies	65,274	70,636	137,325	144,004
Software	90,615	99,184	168,673	185,541
Rentals	102,869	111,312	206,959	225,309
Financing	91,609	101,437	189,032	207,067
Support services	131,418	139,237	259,678	278,795
Business services	201,460	193,578	406,806	399,385
Total revenue	<u>835,886</u>	<u>880,891</u>	<u>1,680,475</u>	<u>1,771,572</u>
Costs and expenses:				
Cost of equipment sales	78,055	79,043	149,594	154,056
Cost of supplies	19,624	21,624	40,314	44,283
Cost of software	26,983	28,501	53,798	58,365
Cost of rentals	18,415	21,003	38,910	41,704
Financing interest expense	13,495	17,868	28,410	36,638
Cost of support services	74,742	81,507	149,991	165,106
Cost of business services	140,830	135,636	276,368	275,555
Selling, general and administrative	288,580	315,578	615,462	630,107
Research and development	34,513	28,492	61,081	54,540
Restructuring charges and asset impairments, net	26,076	14,350	33,009	14,269
Interest expense, net	20,799	20,971	40,100	45,035
Other expense (income), net	536	(93,135)	536	(93,135)
Total costs and expenses	<u>742,648</u>	<u>671,438</u>	<u>1,487,573</u>	<u>1,426,523</u>
Income from continuing operations before income taxes	93,238	209,453	192,902	345,049
Provision for income taxes	33,394	52,351	70,418	102,898
Income from continuing operations	59,844	157,102	122,484	242,151
Loss from discontinued operations, net of tax	(1,660)	(739)	(1,660)	(582)
Net income	58,184	156,363	120,824	241,569
Less: Preferred stock dividends attributable to noncontrolling interests	4,594	4,593	9,188	9,187
Net income - Pitney Bowes Inc.	<u>\$ 53,590</u>	<u>\$ 151,770</u>	<u>\$ 111,636</u>	<u>\$ 232,382</u>
Amounts attributable to common stockholders:				
Net income from continuing operations	\$ 55,250	\$ 152,509	\$ 113,296	\$ 232,964
Loss from discontinued operations, net of tax	(1,660)	(739)	(1,660)	(582)
Net income - Pitney Bowes Inc.	<u>\$ 53,590</u>	<u>\$ 151,770</u>	<u>\$ 111,636</u>	<u>\$ 232,382</u>
Basic earnings per share attributable to common stockholders <sup>(1)</sup> :				
Continuing operations	\$ 0.29	\$ 0.76	\$ 0.60	\$ 1.16
Discontinued operations	(0.01)	-	(0.01)	-
Net income - Pitney Bowes Inc.	<u>\$ 0.29</u>	<u>\$ 0.75</u>	<u>\$ 0.59</u>	<u>\$ 1.15</u>
Diluted earnings per share attributable to common stockholders <sup>(1)</sup> :				
Continuing operations	\$ 0.29	\$ 0.75	\$ 0.59	\$ 1.15
Discontinued operations	(0.01)	-	(0.01)	-
Net income - Pitney Bowes Inc.	<u>\$ 0.28</u>	<u>\$ 0.75</u>	<u>\$ 0.59</u>	<u>\$ 1.15</u>
Weighted-average shares used in diluted earnings per share	<u>188,362,278</u>	<u>202,839,944</u>	<u>190,806,261</u>	<u>202,634,107</u>

<sup>(1)</sup> The sum of the earnings per share amounts may not equal the totals due to rounding.

**Pitney Bowes Inc.**  
**Consolidated Balance Sheets**

(Unaudited; in thousands, except share amounts)

<b><u>Assets</u></b>	<b>June 30, 2016</b>	<b>December 31, 2015 <sup>(1)</sup></b>
Current assets:		
Cash and cash equivalents	\$ 675,972	\$ 650,557
Short-term investments	74,809	117,021
Accounts receivable, net	431,580	476,583
Short-term finance receivables, net	918,974	918,383
Inventories	110,960	88,824
Current income taxes	12,186	6,584
Other current assets and prepayments	61,039	67,400
Total current assets	2,285,520	2,325,352
Property, plant and equipment, net	309,491	330,088
Rental property and equipment, net	172,269	177,515
Long-term finance receivables, net	693,589	760,657
Goodwill	1,752,714	1,745,957
Intangible assets, net	172,785	187,378
Noncurrent income taxes	66,942	70,294
Other assets	510,267	525,891
Total assets	\$ 5,963,577	\$ 6,123,132
 <b><u>Liabilities, noncontrolling interests and stockholders' equity</u></b>		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 1,345,653	\$ 1,448,321
Current income taxes	7,235	16,620
Current portion of long-term debt and notes payable	470,058	461,085
Advance billings	308,728	353,025
Total current liabilities	2,131,674	2,279,051
Deferred taxes on income	212,607	205,668
Tax uncertainties and other income tax liabilities	69,803	68,429
Long-term debt	2,623,764	2,489,583
Other noncurrent liabilities	550,546	605,310
Total liabilities	5,588,394	5,648,041
Noncontrolling interests (Preferred stockholders' equity in subsidiaries)	296,370	296,370
Stockholders' equity:		
Cumulative preferred stock, \$50 par value, 4% convertible	1	1
Cumulative preference stock, no par value, \$2.12 convertible	489	505
Common stock, \$1 par value	323,338	323,338
Additional paid-in-capital	148,154	161,280
Retained earnings	5,196,194	5,155,537
Accumulated other comprehensive loss	(840,427)	(888,635)
Treasury stock, at cost	(4,748,936)	(4,573,305)
Total Pitney Bowes Inc. stockholders' equity	78,813	178,721
Total liabilities, noncontrolling interests and stockholders' equity	\$ 5,963,577	\$ 6,123,132

(1) Certain prior year amounts have been revised for accounting rules that became effective January 1, 2016 and to conform to current year presentation.

**Pitney Bowes Inc.**  
**Business Segments - Revenue and EBIT**

(Unaudited; in thousands)

	Three months ended June 30,			Six months ended June 30,		
	2016	2015	% Change	2016	2015	% Change
<b>Revenue</b>						
North America Mailing	\$ 322,068	\$ 356,791	(10%)	\$ 671,794	\$ 718,665	(7%)
International Mailing	106,338	110,610	(4%)	210,097	226,783	(7%)
<b>Small &amp; Medium Business Solutions</b>	<b>428,406</b>	<b>467,401</b>	<b>(8%)</b>	<b>881,891</b>	<b>945,448</b>	<b>(7%)</b>
Production Mail	95,874	97,731	(2%)	183,299	197,234	(7%)
Presort Services	115,765	113,922	2%	243,161	235,453	3%
<b>Enterprise Business Solutions</b>	<b>211,639</b>	<b>211,653</b>	<b>0%</b>	<b>426,460</b>	<b>432,687</b>	<b>(1%)</b>
Software Solutions	90,464	99,041	(9%)	168,386	185,278	(9%)
Global Ecommerce	105,377	77,966	35%	203,738	153,352	33%
<b>Digital Commerce Solutions</b>	<b>195,841</b>	<b>177,007</b>	<b>11%</b>	<b>372,124</b>	<b>338,630</b>	<b>10%</b>
Other	-	24,830	(100%)	-	54,807	(100%)
<b>Total revenue</b>	<b>\$ 835,886</b>	<b>\$ 880,891</b>	<b>(5%)</b>	<b>\$ 1,680,475</b>	<b>\$ 1,771,572</b>	<b>(5%)</b>
<b>EBIT <sup>(1)</sup></b>						
North America Mailing	\$ 142,227	\$ 159,392	(11%)	\$ 298,142	\$ 323,057	(8%)
International Mailing	12,781	14,122	(9%)	24,632	25,846	(5%)
<b>Small &amp; Medium Business Solutions</b>	<b>155,008</b>	<b>173,514</b>	<b>(11%)</b>	<b>322,774</b>	<b>348,903</b>	<b>(7%)</b>
Production Mail	12,914	10,028	29%	19,738	19,060	4%
Presort Services	21,214	23,544	(10%)	50,124	51,038	(2%)
<b>Enterprise Business Solutions</b>	<b>34,128</b>	<b>33,572</b>	<b>2%</b>	<b>69,862</b>	<b>70,098</b>	<b>0%</b>
Software Solutions	10,151	16,158	(37%)	7,579	20,291	(63%)
Global Ecommerce	3,674	3,056	20%	4,446	11,202	(60%)
<b>Digital Commerce Solutions</b>	<b>13,825</b>	<b>19,214</b>	<b>(28%)</b>	<b>12,025</b>	<b>31,493</b>	<b>(62%)</b>
Other	-	5,611	(100%)	-	10,569	(100%)
<b>Segment EBIT</b>	<b>\$ 202,961</b>	<b>\$ 231,911</b>	<b>(12%)</b>	<b>\$ 404,661</b>	<b>\$ 461,063</b>	<b>(12%)</b>
<b>Reconciliation of segment EBIT to net income</b>						
<b>Segment EBIT</b>	<b>\$ 202,961</b>	<b>\$ 231,911</b>		<b>\$ 404,661</b>	<b>\$ 461,063</b>	
Corporate expenses	(48,777)	(51,921)		(106,544)	(102,724)	
<b>Adjusted EBIT</b>	<b>154,184</b>	<b>179,990</b>		<b>298,117</b>	<b>358,339</b>	
Interest, net <sup>(2)</sup>	(34,294)	(38,839)		(68,510)	(81,673)	
Restructuring charges and asset impairments, net	(26,076)	(14,350)		(33,009)	(14,269)	
Other (expense) income, net	(536)	93,135		(536)	93,135	
Acquisition/disposition related expenses	(40)	(10,483)		(3,160)	(10,483)	
<b>Income from continuing operations before income taxes</b>	<b>93,238</b>	<b>209,453</b>		<b>192,902</b>	<b>345,049</b>	
Provision for income taxes	(33,394)	(52,351)		(70,418)	(102,898)	
<b>Income from continuing operations</b>	<b>59,844</b>	<b>157,102</b>		<b>122,484</b>	<b>242,151</b>	
Loss from discontinued operations, net of tax	(1,660)	(739)		(1,660)	(582)	
<b>Net income</b>	<b>\$ 58,184</b>	<b>\$ 156,363</b>		<b>\$ 120,824</b>	<b>\$ 241,569</b>	

(1) Segment EBIT excludes interest, taxes, general corporate expenses, restructuring charges and other items, which are not allocated to a particular business segment.

(2) Includes financing interest expense and interest expense, net.

**Pitney Bowes Inc.**  
**Reconciliation of Reported Consolidated Results to Adjusted Results**  
(Unaudited; in thousands, except per share amounts)

	Three months ended June 30,			Six months ended June 30,		
	2016	2015	Y/Y Chg.	2016	2015	Y/Y Chg.
<b>Reconciliation of reported revenue to revenue excluding currency and Market Exits</b>						
Revenue, as reported	\$ 835,886	\$ 880,891	(5%)	\$ 1,680,475	\$ 1,771,572	(5%)
Unfavorable impact on revenue due to currency	4,770	-	NM	14,721	-	NM
Revenue, excluding currency	840,656	880,891	(5%)	1,695,196	1,771,572	(4%)
Less: Revenue from Market Exits	-	5,717	(100%)	480	11,541	(96%)
Revenue, excluding currency and Market Exits	\$ 840,656	\$ 875,174	(4%)	\$ 1,694,716	\$ 1,760,031	(4%)

<b>Reconciliation of reported net income to adjusted earnings</b>						
Net income	\$ 58,184	\$ 156,363		\$ 120,824	\$ 241,569	
Loss from discontinued operations, net of tax	1,660	739		1,660	582	
Restructuring charges and asset impairments, net	16,931	8,613		21,559	8,560	
Loss (gain) on disposition of businesses	271	(88,429)		2,330	(88,429)	
Transaction costs related to acquisitions and dispositions	93	6,105		209	6,105	
Legal settlement	-	4,620		-	4,620	
Acquisition/disposition related expenses	-	7,246		-	7,246	
Income from continuing operations, after income taxes, as adjusted	77,139	95,257		146,582	180,253	
Provision for income taxes, as adjusted	42,751	45,894		83,025	96,413	
Income from continuing operations before income taxes, as adjusted	119,890	141,151		229,607	276,666	
Interest, net	34,294	38,839		68,510	81,673	
EBIT, as adjusted	154,184	179,990		298,117	358,339	
Depreciation and amortization	45,238	42,657		89,538	85,153	
EBITDA, as adjusted	\$ 199,422	\$ 222,647		\$ 387,655	\$ 443,492	

<b>Reconciliation of reported diluted earnings per share to adjusted diluted earnings per share from continuing operations</b>						
Diluted earnings per share	\$ 0.28	\$ 0.75		\$ 0.59	\$ 1.15	
Loss from discontinued operations, net of tax	0.01	-		0.01	-	
Restructuring charges and asset impairments, net	0.09	0.04		0.11	0.04	
Loss (gain) on disposition of businesses	-	(0.44)		0.01	(0.44)	
Transaction costs related to acquisitions and dispositions	-	0.03		-	0.03	
Legal settlement	-	0.02		-	0.02	
Acquisition/disposition related expenses	-	0.04		-	0.04	
Diluted earnings per share from continuing operations, as adjusted	\$ 0.39	\$ 0.45		\$ 0.72	\$ 0.84	

**Note:** The sum of the earnings per share amounts may not equal the totals due to rounding.

<b>Reconciliation of reported net cash from operating activities to free cash flow, as adjusted</b>						
Net cash provided by operating activities	\$ 95,221	\$ 96,915		\$ 153,587	\$ 201,008	
Capital expenditures	(30,855)	(45,498)		(71,359)	(89,612)	
Restructuring payments	12,210	8,901		33,866	30,775	
Pension contribution	-	-		36,731	-	
Reserve account deposits	9,110	(1,387)		(7,143)	(21,464)	
Payments related to investment divestiture	-	3,215		-	26,375	
Acquisition/disposition related expenses	-	10,483		-	10,483	
Cash transaction fees	146	11,116		335	11,116	
Free cash flow, as adjusted	\$ 85,832	\$ 83,745		\$ 146,017	\$ 168,681	